

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the )  
 )  
PUBLIC UTILITIES COMMISSION )  
 )  
Instituting a Proceeding To )  
Investigate Implementing a )  
Decoupling Mechanism for Hawaiian )  
Electric Company, Inc., Hawaii )  
Electric Light Company, Inc., )  
and Maui Electric Company, Limited. )  
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DOCKET NO. 2008-0274

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COMMISSION

STATEMENT OF POSITION

BY

HAWAII HOLDINGS, LLC,  
DOING BUSINESS AS FIRST WIND HAWAII

and

CERTIFICATE OF SERVICE

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STATEMENT OF POSITION

BY

HAWAII HOLDINGS, LLC,  
DOING BUSINESS AS FIRST WIND HAWAII

TO THE HONORABLE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII:

HAWAII HOLDINGS, LLC, doing business as First Wind Hawaii, a Delaware limited liability company ("First Wind"), respectfully submits its initial Statement of Position with respect to the proposals for a decoupling mechanism submitted in this docket, pursuant to the Commission's Order Approving, with Modifications, Stipulated Procedural Order Filed on December 26, 2008, issued by the Commission on January 21, 2009 (the "Order"). First Wind submits its initial Statement of Position below for the Commission's consideration and use in its deliberations on these and related issues, but respectfully reserves its right to further elaborate its responses in future submissions in this docket as may be appropriate.

**I. THE NATURE OF FIRST WIND'S WIND ENERGY PROJECTS  
IN HAWAII AND THE DECOUPLING MECHANISM PROPOSAL**

1. The Nature of First Wind's Wind Energy Projects in Hawaii. First Wind, through its affiliates, has developed the 30 megawatt ("MW") Kaheawa Wind Power Project, located at Kaheawa Pastures, Maui, Hawaii, and sells the electric energy generated to Maui Electric Company, Limited ("MECO") pursuant to a Power Purchase Agreement ("PPA") that has been approved by the Commission. First Wind, through its affiliates, is also developing (i) a 21 MW wind energy project adjacent to the Kaheawa Wind Power Project site, and will sell electric energy generated therefrom to MECO, (ii) a 30 MW wind energy project in Kahuku, Oahu, and will sell electric energy generated therefrom to Hawaiian Electric Company, Inc. ("HECO"), and (iii) a 350 MW wind energy project on Molokai, and will sell electric energy generated therefrom to HECO. First Wind's principal interest is in working with the electric utility involved in order to complete the successful development of a large-scale wind energy project and thereafter sell the electric energy generated by this project to the electric utility for resale to the utility's ratepayers. In this manner, First Wind is committed to helping to develop one of Hawaii's renewable energy resources in furtherance of the State of Hawaii's energy goals and to work with the electric utilities in this process..

2. The Decoupling Mechanism Proposal by the HECO Companies and the Consumer Advocate.

HECO, MECO and Hawaii Electric Light Company, Inc. ("HELCO") (collectively, the "HECO Companies") filed with the Commission on January 30, 2009, their *Revenue Decoupling Proposal* (the "HECO Proposal"). The Division of Consumer Advocacy, Department of Commerce and Consumer Affairs (the "Consumer Advocate") also filed its

*HECO/MECO/HELCO Rate Adjustment Mechanism "RAM" Conceptual Framework Proposal* (the "RAM Proposal") with the Commission on January 30, 2009. This was followed by a technical workshop in which the HECO Proposal as well as the RAM Proposal were presented and various issues related to those proposals were initially discussed by the parties in this docket.

## **II. ISSUES OF POTENTIAL CONCERN TO FIRST WIND**

At this point in the proceedings in this docket, and particularly since the specific components of the HECO Proposal and the RAM Proposal have been initially presented, First Wind is not in a position to provide specific and detailed comments on these proposal components, especially since the only matters substantially raised in this docket to date have the two proposals and the presentation and discussion at the technical session on those proposals.

Nevertheless, First Wind believes that an overarching issue in this docket is the achievement of the goals for which the decoupling mechanism, among other initiatives<sup>1</sup>, is being considered. These goals have most recently been incorporated in the Hawaii Clean Energy Initiative, which is a bold, aggressive and innovative set of efforts by the State to achieve its greater energy independent and its development of nonfossil fuel sources of its energy needs. As part of that initiative, an appropriate decoupling mechanism can result in the expansion of the use of new, renewable, clean energy resources that are indigenous to the State of Hawaii, while giving the HECO Companies the opportunity to achieve fair, just and reasonable rates of return.

To date, the electric utilities' have used a long-held business model that emphasizes the enhancement of revenues for the sales of electric energy that the utilities themselves generate. Hence, notwithstanding the federal and state laws<sup>2</sup>, the electric utilities have been in competition with the renewable energy developers for the creation of future electrical generation resources.

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<sup>1</sup> E.g., the proposals for a feed-in tariff being explored in the Commission's Docket No. 2008-0273.

<sup>2</sup> In particular, the Public Utility Regulatory Policies Act of 1978, as amended, and Haw. Rev. Stat. §269-27.2, both of which seek to promote the development of nonfossil fuel sources of electric energy generation.

In general, First Wind believes that an appropriate decoupling mechanism will require a change in this business model to one where the electric utilities are not dependent upon the sale of their own generated electric energy to achieve their returns, and thus will be incentivised to assist in the development by others of renewable energy resources, energy efficiencies and clean energy developments. This is particularly important for First Wind, as the State's principal developer of wind energy projects on several of the islands in the State.

As the HECO Proposal, the RAM Proposal and possibly other proposals for an appropriate decoupling mechanism are explored and possibly developed within this docket, First Wind will then be in a better position to respond specifically to both issues and proposal elements under consideration.

First Wind therefore requests the opportunity, if appropriate, to supplement its initial Statement of Position on specific issues and proposals as they arise in this docket.

Respectfully submitted:

DATED: Honolulu, Hawaii, March 30, 2009.



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CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of the foregoing motion upon the following parties, by causing copies hereof to be hand delivered or electronically transmitted to each such party as follows:

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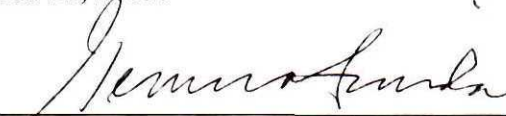
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